



DISCIPLINARY DECISION
Cboe BZX Exchange, Inc.
Star Nos. 20190611843-03 and 20190611843-07
File No. USRI-8790-03/URE-30-03
Dash Financial Technologies LLC

Pursuant to Exchange Rule 8.3, attached to and incorporated as part of this Decision is a Letter of Consent.

Applicable Rules

- BZX Rules 3.2 - Violations Prohibited, 5.1 - Written Procedures, 18.1 - Adherence to Law, 18.2 - Conduct and Compliance with the Rules, 20.7 - Audit Trail, and 24.1 - Maintenance, Retention and Furnishing of Books, Records and Other Information.
- Section 17(a) of the Securities Exchange Act of 1934 and Rule 17a-3 – Records to Be Made by Certain Exchange Members, Brokers and Dealers, thereunder.

Sanction

A censure, a monetary fine in the amount of \$50,500 and disgorgement in the amount of \$5,436.01.¹

Effective Date

October 4, 2022

/s/ Greg Hoogasian

Greg Hoogasian, CRO, EVP

¹ The disgorgement addresses the underpayment of Exchange fees. This settlement relates to other settlements the Firm reached with Cboe EDGX Exchange, Inc., Cboe Exchange, Inc., Cboe C2 Exchange, Inc., NYSE Arca, Inc., NYSE American, LLC, the NASDAQ Options Market LLC, Nasdaq BX, Inc., Miami International Securities Exchange, LLC, and MIAX PEARL, LLC.

Cboe BZX Exchange Options Market
LETTER OF CONSENT
STAR Nos. 20180591280-03 and 20190611843-07
File No. USRI-8790-03/URE-30-03

In the Matter of:

Dash Financial Technologies LLC
311 S. Wacker Drive, Suite 1000
Chicago, IL 60606,

Subject

Pursuant to the provisions of Cboe BZX Exchange, Inc. (“BZX” or the “Exchange”) Rule 8.3 – Expedited Proceeding, Dash Financial Technologies LLC (“Dash” or the “Firm”) submits this Letter of Consent for the purposes of proposing a settlement of the alleged rule violations described below.

The Firm neither admits nor denies that violations of Exchange Rules or the Securities Exchange Act of 1934, as amended (“Exchange Act”) and Exchange Act rules have been committed, and the stipulation of facts and findings described herein do not constitute such an admission.

BACKGROUND

1. During all relevant periods herein, Dash was acting as a registered Broker-Dealer and was a member of the Exchange. The Firm’s registration remains in effect.
2. This matter originated from two investigations in FINRA’s Department of Market Regulation to determine the Firm’s compliance with Exchange rules and federal securities laws and regulations governing the use of origin codes on order records and related supervisory obligations. Matter No. 20180591280 addressed Dash’s conduct during the period March 1, 2017 through June 16, 2017, and Matter No. 20190611843 addressed Dash’s conduct during the period March 1, 2017 through November 8, 2017.

VIOLATIVE CONDUCT

Applicable Rules

3. During all relevant periods herein, the following laws and rules were in full force and effect: Section 17 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) and Rule 17a-3 — Records to Be Made by Certain Exchange Members, Brokers and Dealers thereunder; and BZX Rules 3.2 — Violations

Prohibited, 5.1 — Written Procedures, 18.1 — Adherence to Law, 18.2 — Conduct and Compliance with the Rules, 20.7 — Audit Trail, and 24.1 — Maintenance, Retention and Furnishing of Books, Records and Other Information.

4. During all relevant periods herein, Exchange Act Section 17(a)(1) provided that every member of a national securities exchange shall make and keep for prescribed periods such records, furnish such copies thereof, and make and disseminate such reports as the Securities and Exchange Commission, by rule, prescribes as necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of this title.
5. During all relevant periods herein, Exchange Act Rule 17a-3(a)(6) required member firms to create a memorandum of each order, and any other instruction, showing the terms and conditions of the order.
6. During all relevant periods herein, BZX Rule 3.2 provided that no Member shall engage in conduct in violation of the Exchange Act, the rules or regulations thereunder, the By-Laws, BZX rules or any policy or written interpretation of the By-Laws or BZX Rules by the BZX Board or an appropriate BZX committee. It also provided that every Member shall so supervise persons associated with the member as to assure compliance with those requirements.
7. During all relevant periods herein, BZX Rule 5.1 provided that each Member shall establish, maintain and enforce written procedures which will enable it to supervise properly the activities of associated persons of the Member and to assure their compliance with applicable securities laws, rules, regulations and statements of policy promulgated thereunder, with the rules of the designated self-regulatory organization, where appropriate, and with Exchange Rules.
8. During all relevant periods herein, BZX Rule 18.1 provided that no options member shall engage in conduct in violation of the Exchange Act or rules thereunder, BZX rules or the rules of the Options Clearing Corporation (“OCC”) insofar as they relate to the reporting or clearance of any BZX transaction, or any written interpretation thereof, and that every options member shall supervise persons associated with the member to assure compliance therewith.
9. During all relevant periods herein, BZX Rule 18.2(a)(6) provided, among other things, that in accordance with the rules and in connection with business conducted on BZX Options, each options member shall ensure that accurate information is input into the automated trading system used by BZX Options for the trading of options contracts, including, but not limit to, the options member’s capacity.
10. During all relevant periods herein, BZX Rule 20.7(a) provided that when entering orders on BZX Options, each options member shall submit order information in such form as may be prescribed by the Exchange in order to allow BZX Options to properly prioritize and match orders and report resulting transactions to the OCC.

11. During all relevant periods herein, BZX Rule 24.1(a) provided that each options member shall make, keep current and preserve such books and records as the Exchange may prescribe pursuant to Exchange rules and as may be prescribed by the Exchange Act and the rules and regulations thereunder.

Origin Code Violations

12. On March 1, 2017, Dash acquired a third-party platform from another broker-dealer. From March 1, 2017 through June 16, 2017, Dash routed to four options exchanges, including BZX, approximately 14,348 options orders for six broker-dealer clients, totaling approximately 362,409 contracts with an incorrect origin code of "Customer" instead of "Broker-Dealer." The parent orders from the six broker-dealers were sent to Dash's third-party platform with accurate Broker-Dealer origin codes, but a configuration error in the third-party platform converted the origin code to Customer on Dash's outbound FIX messages to four options exchanges, including BZX. During a routine review of orders on June 15, 2017, Dash discovered the mapping error and, on June 19, 2017, Firm technology personnel implemented corrective logic changes.
13. From on or about March 1, 2017 through on or about November 8, 2017, Dash routed to nine options exchanges, including BZX, approximately 60,277 options orders, totaling approximately 271,658 contracts, from a different broker-dealer client that had been incorrectly on-boarded in the third-party platform as "Customer" instead of "Broker-Dealer." Dash learned of the issue in or about early October 2017, and by November 8, 2017, Firm technology personnel completed implementing corrective changes.
14. The orders Dash routed with incorrect origin codes caused it to underpay Exchange fees. Additionally, each instance in which Dash routed an order with an incorrect origin code potentially had adverse consequences, such as inadvertently impacting the priority of order execution, creating an inaccurate audit trail and inaccurate order records, reporting trades to OCC with inaccurate trade details, and impeding BZX's ability to surveil for and detect potential violations of its rules and federal securities laws.
15. The acts, practices, and conduct in paragraphs 12–13 constitute violations of Exchange Act Section 17(a)(1) and Rule 17a-3(a)(6) thereunder, and BZX Rules 3.2, 18.1, 18.2(a)(6), 20.7, and 24.1.

Supervisory Violations

16. From on or about March 1, 2017 through on or about November 8, 2017, Dash failed to establish, maintain, and enforce written supervisory procedures, and a system for applying such procedures, reasonably designed to detect and prevent inaccurate origin codes in connection with its acquisition of a third-party platform.

Dash waited a full calendar quarter after acquiring the third-party platform before it conducted an initial origin code review. Moreover, for at least seven months after acquiring the third-party platform, Dash did not conduct any reviews to ensure that the client accounts it took over when it acquired the third-party platform had been on-boarded with a correct origin code.

17. The acts, practices and conduct in paragraph 16 constitute violations of BZX Rule 5.1.

SANCTIONS

18. Dash does not have any prior relevant disciplinary history specifically related to incorrect order origin code usage.
19. In light of the alleged rule violations described above, the Firm consents to the imposition of the following sanctions:
- a. A censure;
 - b. A monetary fine in the amount of \$50,500; and
 - c. Disgorgement in the amount of \$5,436.01.¹

If this Letter of Consent is accepted, the Firm acknowledges that it shall be bound by all terms, conditions, representations and acknowledgements of this Letter of Consent, and, in accordance with the provisions of Exchange Rule 8.3, waives the right to review or to defend against any of these allegations in a disciplinary hearing before a Hearing Panel. The Firm further waives the right to appeal any such decision to the Board of Directors, the U.S. Securities and Exchange Commission, a U.S. Federal District Court, or a U.S. Court of Appeals.

The Firm waives any right to claim bias or prejudice of the Chief Regulatory Officer (“CRO”) in connection with the CRO’s participation in discussions regarding the terms and conditions of this Letter of Consent, or other consideration of this Letter of Consent, including acceptance or rejection of this Letter of Consent. The Firm further waives any claim that a person violated the ex parte prohibitions of Exchange Rule 8.16, in connection with such person’s participation in discussions regarding the terms and conditions of this Letter of Consent, or other consideration of this Letter of Consent, including its acceptance or rejection.

The Firm agrees to pay the monetary sanctions upon notice that this Letter of Consent has been accepted and that such payments are due and payable. The Firm specifically and voluntarily waives any right to claim that it is unable to pay, now or at any time hereafter, the monetary sanctions imposed in this matter.

¹ The disgorgement addresses the underpayment of Exchange fees. This settlement relates to other settlements the Firm reached with Cboe EDGX Exchange, Inc., Cboe Exchange, Inc., Cboe C2 Exchange, Inc., NYSE Arca, Inc., NYSE American, LLC, the NASDAQ Options Market LLC, Nasdaq BX, Inc., Miami International Securities Exchange, LLC, and MIAX PEARL, LLC.

The Firm understands that submission of this Letter of Consent is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the CRO, pursuant to Exchange Rule 8.3. If the Letter of Consent is not accepted, it will not be used as evidence to prove any of the allegations against the Firm.

The Firm understands and acknowledges that acceptance of this Letter of Consent will become part of its disciplinary record and may be considered in any future actions brought by BZX or any other regulator against the Firm. The Letter of Consent will be published on a website maintained by the Exchange in accordance with Exchange Rule 8.18.

The Firm understands that it may not deny the charges or make any statement that is inconsistent with the Letter of Consent. The Firm may attach a Corrective Action Statement to this Letter of Consent that is a statement of demonstrable corrective steps taken to prevent future misconduct. Any such statement does not constitute factual or legal findings by the Exchange, nor does it reflect the views of the Exchange or its staff.

The undersigned, on behalf of the Firm, certifies that a person duly authorized to act on its behalf has read and understands all of the provisions of this Letter of Consent and has been given a full opportunity to ask questions about it; that it has agreed to the Letter of Consent's provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein, has been made to induce the Firm to submit it.

Date: September 30, 2022

Dash Financial Technologies LLC

By:  _____

Name: Jaclyn L Butler

Title: Chief Compliance Officer